

TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

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SUBJECT: Report of the Chief Investment Officer

ITEM NUMBER: 17

ATTACHMENT(S): 3

ACTION: \_\_\_\_\_

DATE OF MEETING: October 13, 1999

INFORMATION: X

PRESENTER(S): Mr. Mitchell

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The following is a summary of the developments in the financial markets that have occurred between September 1, 1999 and September 28, 1999.

1. The yield on the 30-year U.S. Treasury bond is unchanged at 6.06%.
2. The market level of the S&P 500 Index has decreased from 1320 to 1285.
3. The U.S. dollar has weakened compared to pound sterling (1.60 to 1.64) and yen (110 to 107) while strengthening against the euro (106 to 105).
4. The Federal Reserve Board of Governors will hold their next meeting on October 5, 1999. The Federal Reserve is expected to increase the Federal Funds rate by 0.25%.

Note: Attachments 1 and 2 are not available in electronic format at this time.

**California State Teachers' Retirement System**  
**Internal S&P 500 Indexed Portfolio Return**

The California State Teachers' Retirement System's internal S&P 500 indexed portfolio (Portfolio) was \$6,193,385,095 as of August 31, 1999. The performance objective of the Portfolio is to closely track the return of the S&P 500 Index. Table 1 summarizes the results for the Portfolio, the benchmark S&P 500 Index, and the difference, called "tracking error."

**Table 1: S&P 500 Performance**

<b>Period</b>	<b>Portfolio Return</b>	<b>Index Return</b>	<b>Tracking Error</b>
3/31/98 – 12/31/98	12.892	12.975	-0.083
12/31/98 – 8/31/99	8.376	8.311	+0.064

Portfolio return calculated by State Street Bank Analytics.

The total return for the Index was calculated by Wilshire Associates.